

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
BEFORE THE IOWA UTILITIES BOARD

IN RE:	
INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. SPU-2018-0007

**OFFICE OF CONSUMER ADVOCATE POST-HEARING BRIEF**

The Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, files its Post-Hearing Brief in this docket.

**I. STATEMENT OF THE CASE.**

Interstate Power and Light Company (IPL) began replacing its analog and digital meters with Advanced Metering Infrastructure (AMI) meters in October 2017. (Tr. 39, ll. 7–24). At the time of the AMI meter rollout, analog meters were the predominant meter in use. (Tr. 44, ll. 7–24). On March 1, 2018, IPL filed proposed gas and electric tariffs in Docket Nos. TF-2018-0029 and TF-2018-0030 regarding “non-standard” meter alternative (NSMA) for its gas and electric customers. IPL’s proposed tariffs detail its replacement of analog meters with the installation of AMI meters for its residential gas and electric customers. *See* IPL Gas Tariff – Redlined, TF-2018-0030 (March 1, 2018); *see also* IPL Electric Tariff – Redlined, TF-2018-0029 (March 1, 2018). Any customer who declines to have the AMI meter installed will have their preexisting analog meter replaced with a digital meter without the “smart” capabilities of the AMI meter. (IPL Bauer Direct, p. 7, ll. 18–21). Customers do not have the option of retaining their preexisting analog meter. (IPL Bauer Direct, p. 13, ll. 1–4). Customers who decline the AMI meter will be charged a monthly fee of \$15 per meter. (IPL Vognsen Direct, p. 15, ll. 6–14).

Customers who receive both gas and electric service from IPL, and decline the AMI meter, will incur a charge of \$30 per month (\$360 annually). (*Id.*). Once a customer declines the AMI meter, the customer must meet multiple burdensome criteria and obligations to maintain the non-AMI meter installation. (IPL Vognsen Direct, p. 12, ll. 17–23; p. 13, l. 1) If a customer fails to adhere to the criteria and obligations an AMI meter will be installed at their residence. (*Id.*).

OCA believes IPL's proposed tariff revisions are too burdensome and onerous for customers who wish to opt-out of the AMI meter program. The Board should disallow IPL's request for a \$15 per meter monthly charge until the next rate proceeding and order IPL to: 1) allow its customers the option to retain their preexisting analog meters or have an analog meter reinstalled, 2) change the onerous obligations and criteria for qualifying for and retaining a NSMA consistent with the arguments stated herein, and 3) update its privacy policy to account for the more granular level of data IPL will collect from its AMI customers.

## **II. THE BOARD SHOULD ALLOW AN ALTERNATIVE METER.**

IPL has started a rollout of smart digital meters. The prudence of the investment is not part of this proceeding. IPL chose to leave the issue of prudence for a later proceeding. IPL has, as part of this proceeding, raised several issues regarding an alternative to the smart digital meter.

### **A. Should An Alternative Meter To The Smart Digital Meter Be Allowed?**

Approximately 2,000 of IPL's customers do not want a smart digital meter. The customer comments filed in this proceeding support an alternative to the smart digital meter. The parties including IPL agree an alternative to the smart digital meter is appropriate. (Tr. 44, ll. 17–24, IPL Bauer Direct, p. 8, ll. 4–11; OCA Shi Direct p. 4, l. 15; p. 6, l. 4). An alternative meter to the smart digital meter should be allowed.

**B. Are Analog Meters An Appropriate Alternative To A Smart Digital Meter?**

When IPL began its smart digital meter rollout in October 2017, there were 374,861 analog electric meters in use and 95,231 non-smart digital meters in use. (Tr. 39, ll. 7–24). Analog meters were the predominant meter in use by IPL at the time of the rollout of smart digital meters. (Tr. 44, ll. 7–24). Analog meters were originally chosen as part of IPL’s process of providing safe and reliable service. (Tr. 222, ll. 19–23). IPL had purchased approximately 75,000 analog meters between 2000 and 2010. (Tr. 47, ll. 21–24). (OCA Hearing Exhibit 101, Response B). The useful life of analog meters is approximately 30 to 35 years. (Tr. 47, ll. 2–3). IPL could create a two to three thousand analog meter inventory from the 75,000 analog meters purchased between 2000 and 2010 that possess remaining useful lives. (Tr. 49, ll. 7–14; Tr. 59, ll. 8–13).

Analog meters are available as an alternative to a smart digital meter.

**C. Were Customers Aware An Alternative To A Smart Digital Meter Was Available?**

IPL intended to replace all analog and non-smart digital meters with smart digital meters. (Tr. 60, l. 25; Tr. 61, l. 3). IPL provided copies of customer communications at the Board’s request for inclusion in the record. (IPL Late Filed Exhibits A–R). The installation mailers did not indicate an alternative meter was an option. The installation mailers did not provide information on alternative meter requests or timelines. Additional information through a mega-mailer was only provided if a customer asked a question regarding the smart digital meter rollout. The mega-mailer went through six versions which resulted in inconsistent information being provided to IPL’s customers. More than one-half of the meters were switched out before IPL, at the Board’s direction, provided information to every customer on the smart digital meter roll-out in August 2018. (OCA Hearing Exhibit 111).

The customer communications were confusing and lacked relevant information on alternative meters for customers even though IPL asserts they were an available option. *See* OCA Brief Argument III.

**D. What Alternative Meter Should be Allowed As The Smart Digital Meter Alternative?**

IPL proposes to only allow non-smart digital meters as the smart digital meter alternative. Approximately 2,000 of IPL's electric customers want to retain their existing analog meter as the smart digital meter alternative. (OCA Hearing Ex. 103, Supplemental Response A). Any meter alternative would have semi-annual verifications. (IPL Bauer Direct, p. 11, ll. 9–11; Tr. 229, l. 24–Tr. 230, l. 9).

IPL asserts the non-smart digital meters are the best option as the alternative meter because they are the meter being produced by manufacturers and because IPL's testing indicates greater accuracy. (IPL Bauer Direct, p. 11, ll. 9–11). Neither of these reasons are dispositive of the issue. (OCA Shi Direct, p. 3, l. 16; p. 6, l. 4). First, many customers filed comments indicating they wanted an alternative meter because of the dirty electricity that comes from digital meters. Second, Dr. Shi testified using existing analog meters would save the company the initial cost to purchase and install digital meters. (OCA Shi Direct, p. 5, l. 10; p. 6, l. 4). Dr. Shi further testified it is reasonable to conclude the installed analog meters have useful life remaining and will function as well as digital in IPL's proposed non-standard meter alternative. (OCA Shi Direct, p. 5, l. 10; p. 6, l. 4). Third, Mr. Bauer agreed IPL's testing was suspect because it was comparing analog meters between 8 and 88 years old with digital meters less than 8 years old. (Tr. 63, ll. 16–23). Even then the error rate was within two percent, the Board standard. (Tr. 46, l. 20; Tr. 47, l. 1). A non-smart digital meter should not be the only alternative to the smart digital meter.

The customers want to retain analog meters. First it would be economic to do so. There would be no cost to leave the analog meters in place. (Tr. 51, ll. 13–17; OCA Shi Direct, p. 5, ll. 11–22). The customers have paid for or will in the future finish paying for all the analog meters purchased by IPL. (*Id.*). There is no reason to purchase new meters for those customers wanting analog meters. Second, IPL had 374,861 analog meters in place at the time of the rollout. (Tr. 39, ll. 7–24; OCA Hearing Ex. 101, Response A). Of those meters, 75,911 meters were between 8 and 18 years old with a useful life of 30 to 35 years. (Tr. 47, ll. 2–24; OCA Hearing Exhibit 101, Response B; OCA Hearing Exhibit 102, Response C). IPL has an existing inventory of analog meters available for the 2000 customers that want an alternative to a digital meter. (Tr. 49, ll. 7–14, Tr. 59, ll. 8–13). Third even if it was necessary for IPL to replace a customer’s analog meter with another analog meter the cost would still be less. (Tr. 51, ll. 13–17; OCA Shi Direct, p. 5, ll. 10–21). IPL is already replacing every meter and the analog meter would not have the additional cost a non-smart digital meter will require. (*Id.*). Fourth, IPL is selling the analog meters on the used meter market for 50 cents. (OCA Hearing Exhibit 113, Response B). It is more economical to use existing, already paid-for analog meters for the 2,000 customers wanting a smart digital meter alternative. Finally, allowing the customers to retain their analog meters resolves the health and safety concerns of IPL’s customers. *See* Customer comments filed in this proceeding.

The analog meters meet IPL’s and the customers’ needs as a non-standard meter alternative. Customers should be able to retain their existing analog meters.

**E. Other States Have Allowed An Analog Alternative.**

Allowing customers to retain their analog meters is consistent with other utilities’ positions allowing customers to retain analog meters. IPL witness Bauer attached an Exhibit B

to his direct testimony. The exhibit indicated that of the 27 utilities he reviewed, 25 offered an alternative meter. (IPL Bauer Direct, p. 8, ll. 4–20, Ex. B). Of those 25, 12 offered an analog meter and 8 did not clearly indicate whether an analog meter was an option. (*Id.*). IPL witness Bauer also reviewed Lipman witness Leonard Goldman’s Exhibit B. Mr. Bauer testified regarding nineteen utilities which he reviewed from the Goldman Exhibit B. (IPL Bauer Direct, p. 8, l. 21; p. 9, l. 2). Of those 19, 13 offered an analog meter and one did not clearly indicate whether an analog meter was an option. (*Id.*). An analog alternative is a recognized non-standard meter alternative.

Customers in other jurisdictions have been allowed to retain their analog meters in regulatory proceedings. *See* Central Maine Power Company, Docket No. 2010-345 (consolidated), Part I Order at 2 (Me. P.U.C. May 19, 2011); *Consumers Energy Company*, Case No. U-17087, Order at 3 (Mich. Pub. Serv. Comm’n June 28, 2013); *Pacific Gas and Electric Company*, Decision 14-12-078 at 14 (Cal. P.U.C. Dec. 23, 2014); *Inquiry Into Customer Choice for Advanced Meter Installation*, Docket No. U-180117, Policy and Interpretative Statement at 7–8 (Wash. U.T.C. Apr. 10, 2018).

The Board should allow IPL’s customers to make a choice on whether to retain their existing analog meters.

### **III. ALL CUSTOMERS SHOULD BE PROVIDED THE OPTION TO RETAIN OR HAVE REINSTALLED THEIR ALTERNATIVE METER.**

IPL did not properly communicate its roll-out of smart meter technology. The additional record information filed at the direction of the Board designated as IPL’s Exhibits A through R indicate the failures and inconsistencies in IPL’s communications to its customers. All customers should have the option of an alternative meter subsequent to the Board’s Order in this proceeding.

IPL began its smart digital meter rollout on October 9, 2017. (Tr. 38, ll. 19–20). At the start of the rollout, IPL had 374,861 analog residential electric meters and 95,231 non-smart digital residential electric meters in service. (Tr. 39, ll. 7–24). No information regarding alternate meters was mailed to IPL’s customer base prior to the rollout. (Response to Board Request at December 5 Meeting filed Dec. 28, 2018).

IPL communicated with customers prior to the meter exchange with two pieces of direct mail. (Response to Board Request at December 5 Meeting filed Dec. 28, 2018, p. 2). A postcard approximately 30 days prior to the scheduled meter exchange and a mailer approximately 15 days prior to the scheduled meter exchange. (*Id.* at 3). Additionally, customers received an outbound automated phone call. (*Id.* at 2).

Several customers filed comments indicating they did not receive the direct mail pieces or the automated call from IPL prior to having the smart digital meter installed. Even if they had received the information, the information was unclear and did not provide information on the alternatives. The first mailing of postcards indicated “A smart meter is very similar to your current meter.” (IPL Late Filed Exhibits K–M). No information on alternatives to the smart digital meter was provided. The second mailing (mailers) additionally indicated “A smart meter is very similar to your current meter” and provided no information on the alternatives to the smart digital meter. (IPL Late Filed Exhibits N–Q). IPL provided no information on the automated phone calls, a copy of the script, what happened if the call was not answered, or if it left a message. (Response to Board Request at December 5 Meeting filed Dec. 28, 2018, p. 2). Only customers who contacted IPL between October 2017 and August 2018<sup>1</sup> with questions

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<sup>1</sup> Customers benefitted after August 2018 from a Board Order that required all IPL’s customers receive notice of the smart digital meter rollout that an alternate to the smart digital meter existed, and that charges to customers were being requested by IPL.

received what IPL calls the mega-mailer. (Response to Board Request at December 5 Meeting filed December 28, 2018, p. 1). The mega-mailer was published in six different versions between November 2017 and November 2018.

The November 2017 version provided four alternatives to customers including “you’ll keep a non-smart meter,” required readings within a two day period, a “One-time sign-up fee of \$100-\$125”, and a monthly fee of \$15-\$25. (IPL Late Filed Exhibit A, p. 7). No information was provided on when an election or further contact with IPL was required.

A December 2017 version was similar but “keep” was removed and the sentence read “you’ll have a non-smart meter”, and the one-time sign-up fee of \$100-\$125 was stricken and replaced with “One-time initial charge may apply.” (IPL Late Filed Exhibit B, p. 13). The monthly fee was also changed to a charge. (*Id.*) No information was provided on when an election or further contact with IPL was required.

A January 2018 version was similar but now the sentence read “you may choose to have a non-smart meter”, and the monthly charge now applied to “each meter”, electric and gas. The one-time initial charge was dropped. (IPL Late Filed Exhibit C, p. 13). No information was provided on when an election or further contact with IPL was required.

The February 2018 version eliminated two of the four alternatives to customers. (IPL Late Filed Exhibit D, p. 13). No information was provided on when an election or further contact with IPL was required.

The August 2018 version followed the Board’s Order requiring all customers to receive notice of the rollout and new charges. In this version customers were no longer allowed to keep, have, or choose a non-smart meter. Customers were only allowed to “choose to have a non-smart digital meter.” The monthly charge was dropped from \$15–\$25 to \$15. The required



readings went from a two-day period to a four-day period. Additionally, “You must elect the non-standard meter before a smart meter is installed.” (IPL Late Filed Exhibit E, pp. 13, 15). No information was provided on when an election or further contact with IPL was required. As of August 2018, over 247,051 of IPL’s customers’ meters had already been exchanged. (OCA Hearing Exhibit 111).

The November 2018 version was not significantly different. Additional information was provided on the number of signal transmits in a day. (IPL Late Filed Exhibit F, p. 9).

Another document was provided only to those customers who contacted IPL and indicated they did not want to receive a smart meter. They received what IPL called a “Call to Action” letter. (IPL Late Filed Exhibits G–J).

The November 2017 Call to Action letter mentions manual alternatives in the plural several times. (IPL Late Filed Exhibits G). A second November 2017 Call to Action letter is similar but emphasizes that the customer must call after the second postcard is received to choose one of the manual alternatives. (IPL Late Filed Exhibit H). The February 2018 Call to Action letter no longer mentions manual alternatives. The option is now listed as manual alternative. Additionally, the letter indicates that even though IPL knows the customer requested not to receive a smart meter, IPL cannot process the request until the customer receives a second postcard and calls IPL at that time to request an alternative meter. (IPL Late Filed Exhibit I). The second February 2018 Call to Action letter, version 2, appears to be a copy of February 2018 Call to Action letter, version 1. (IPL Late Filed Exhibits J and I).

All of these communications to customers have the same deficiencies. Customers were not timely informed of alternatives to smart digital meters. Customers were provided conflicting information and options throughout the roll-out. Customers believed keeping their analog meters

was an option early in the process. Customers were not clearly informed of how and when they should indicate their preference for an alternative meter. All of IPL's actions appear intended to hide the availability of alternatives and to install as many smart digital meters as possible with the position once installed a non-smart meter election is not allowed.

Communications to IPL's customers on the smart digital meter roll-out was deficient. Customers were not aware alternatives existed. IPL's customers should have the opportunity to keep their alternative meter or be allowed to have one reinstalled subsequent to the Board's decision.

#### **IV. THE OBLIGATIONS AND CRITERIA TO QUALIFY FOR, AND TO RETAIN, A NON-STANDARD METER ALTERNATIVE (NSMA) ARE UNREASONABLE.**

The obligations and criteria IPL has listed to qualify for and to retain a non-AMI meter create an onerous burden on customers. The Board should require IPL to adopt criteria and obligations for "customer self-reads" similar to the alternate options set forth in IPL Exhibit 128. The "estimated reads" alternative to "customer self-reads" solves the issue of potential missed reads by IPL's customers and provides a workable solution for NSMA customers. OCA believes the any fee for NSMA customers should be disallowed until costs associated with estimated reads are fully investigated in the next rate proceeding (as argued in Section V, herein).

As previously discussed, the obligations and criteria for retaining a non-AMI meter have remained in flux over the course of the AMI roll-out. The most recent iteration of the criteria to for a customer to qualify for, and the obligations to retain, a non-AMI meter stated:

To be eligible, you must be a residential electric or natural gas customer who has only one electric meter and/or one natural gas meter and who elects the nonstandard meter before a smart meter is installed. You must not be enrolled in any of the following electric pricing programs: Time-of-Day, Net Metering Pilot – Renewable Energy Facilities, Cogeneration and Small Power Production or Alternative Energy and Small Hydro Production.

The customer of record who is responsible for payment of service at the premises where the meter is located must request the nonstandard meter.

....

You must read your meter each month and provide the meter reading to us within four days of your scheduled meter reading date. We will give you the annual meter reading schedule each year. Your bill will be estimated if we do not receive your reading. If you miss two monthly meter readings within 12 months or your service is disconnected for nonpayment, you will be removed from the program and a smart meter will be installed.

Alliant Energy, Nonstandard Meter Alternative, <https://www.alliantenergy.com/InnovativeEnergySolutions/SmartEnergyProducts/SmartMeters/NonstandardMeterAlternative> (last visited January 1, 2019). The “self-read” obligations proposed by IPL set its customers up for “eventual failure.” (OCA Turner Direct, p. 5, ll. 11–14). “If the customer only misses by one day twice in one year, the customer will not be eligible for a digital meter and be provided a smart meter. The situation could easily occur if the customer was on vacation one month and away on business the next month.” (*Id.* at ll. 8–11). To remedy this issue, OCA proposed an increase to the amount of self-reads a customer could miss before losing the NSMA. (*Id.* at ll. 16–18). In the alternative OCA proposed implementing an “estimated levelized monthly bill” for NSMA customers, or for IPL to implement a quarterly billing cycle for NSMA customers. (*Id.* at 5, ll. 18–22; p. 6, ll. 1–3).

At the hearing, IPL submitted a proposal to lessen the onerous criteria and obligations for NSMA customers. (IPL Hearing Exhibit 218). IPL proposed an “estimated reads” alternative to its initial proposal that required customers to “self-read.” The proposal states, in relevant part: “Company reads NSMA meters every third month (four times per year.) Customer receives estimated bills on non-read months (eight times per year).” (*Id.*). OCA is supportive of IPL’s alternative “estimated read” proposal. Further, OCA is generally supportive of IPL’s indicated

desire to contact customers on the “hold list,” who may have received an AMI meter, and give those customers the option to have a NSMA meter installed at no cost to the customer, but believes this option should also be provided to all IPL customers. (IPL Hearing Exhibit 218).

In the future, IPL should also allow customers (for a reasonable fee) who move to a new residence to switch an AMI meter for a NSMA meter. (OCA Witness Turner Direct, p. 6, ll. 4–14). OCA believes IPL’s proposal could be improved by limiting setting the amount of reads performed by IPL to a bi-annual schedule as originally suggested by IPL in its filing. (*See* Tr. 279, ll. 3–6 (noting the cost would decrease with fewer reads)). Bi-annual true-ups could be implemented to address any over or underpayment. However, as argued in Section V, OCA believes the monthly charge should be considered at the next rate proceeding.

The obligations and criteria for qualifying for and retaining a NSMA meter are onerous and set customers up for failure. OCA is supportive of IPL’s apparent acknowledgement of this fact by its submittal of the “estimated reads” proposal contained in IPL Hearing Exhibit 218. The Board should order IPL to amend its tariff to include language consistent with its “estimated read” proposal, while also giving customers who move to a new residence the option to switch meters at a reasonable fee.

**V. THIS IS NOT THE APPROPRIATE PROCEEDING FOR A DETERMINATION OF A MONTHLY PER METER CHARGE FOR CUSTOMERS CHOOSING A NSMA AND, AS A RESULT, THE NSMA CHARGE IS UNREASONABLE.**

This is not the appropriate proceeding for IPL’s proposed monthly per meter charge for NSMA customers—IPL’s upcoming rate proceedings provide an appropriate venue for the determination of a monthly charge, if any, for NSMA customers. Further, the proposed monthly charge is unreasonable due to the lack of evidentiary support to substantiate its \$15 per meter

monthly charge. The Board should disallow any monthly charge for NSMA customers until the upcoming gas and electric rate proceedings.

NSMA customers should not be charged \$15 per meter because funds already exist for meter reading in IPL's current base rates. IPL included meter reading funds in its last electric and gas rate cases. The revenue requirement used to determine IPL's electric rates includes \$8,011,784 of meter reading expenses (\$6.4 million allocated to the residential class). (OCA Witness Kruger Direct, p. 2, ll. 19–20; p. 3, ll. 1–2; IPL Witness Vognsen Direct, p. 19, l. 11). The revenue requirement used to determine IPL's gas rates includes \$3,184,416 of meter reading expenses (\$2.5 million allocated to the residential class). (OCA Witness Kruger Direct, p. 3, ll. 5–10; IPL Witness Vognsen Direct, p. 20, l. 1). IPL has stated it will no longer incur the same level of meter reading expenses upon deployment of AMI meters. (OCA Witness Kruger Direct, p. 3, ll. 11–17; Tr. 234, ll. 11–18). While the approximately 2800 customers who choose the NSMA will receive a monthly credit of \$1.33 to offset the meter reading charge already included in their rates, IPL's approximately 398,000 electric and 199,00 gas residential customers that do not choose a NSMA will not be credited. (Tr. 236, ll. 22–25; Tr. 237, l. 1; OCA Witness Kruger Direct, p. 5, ll. 13–18). Once AMI installation is complete and meter reading expenses are eliminated from current gas and electric base rates, IPL will retain approximately \$11 million annually. (OCA Witness Kruger Direct, p. 6, ll. 1–12 (approximately \$8.9 million from residential accounts alone); Tr. 613, ll. 3–17). IPL does not plan on passing these savings to customers—IPL sees these savings as cost reduction creating benefits it is entitled to receive until the next rate proceeding. (OCA Witness Kruger Direct, p. 6, ll. 13–21). The Board should disallow IPL's request for a \$15 charge for NSMA customers as the meter reading expenses

included in rates are more than sufficient to cover the small cost incurred by IPL in providing the NSMA.

IPL has provided insufficient evidence to substantiate its monthly \$15.87 per meter charge for NSMA customers. The \$15.87 monthly per meter charge includes: 1) \$3.51 for costs associated with manual billing inputs, 2) \$12.59 for the cost of verifying the manual reads provided by customers, 3) \$0.21 for the cost to update the Company's billing software, 4) \$0.90 for the carrying cost of the non-standard meter, and 5) a credit of \$1.33 to refund the meter reading expenses collected through the Company's rates. (IPL Witness Vognsen Direct Schedule A; OCA Witness Davison Direct, p. 5, ll. 6–12). Combination customers (customers with one gas and one electric meter) will be charged twice for both meters for a total of \$31.74 per month. OCA has concerns with the calculation of the \$12.59 (\$25.18 for combination customers) cost for verifying the manual reads and with the \$0.21 cost to update IPL's billing software.

The manual read verification is based on broad assumptions concerning the costs associated with sending an IPL customer field representative to manually verify NSMA customers' meters twice annually. (OCA Witness Davison Direct, p. 6, ll. 1–21; p. 7, ll. 1–5). IPL bases its broad cost assumptions on a projected number of NSMA customers whom IPL states will be “dispersed across the Iowa service territory of 36,000 square miles.” (OCA Hearing Exhibit 107). Other than these broad assumptions, IPL admits it used no documentation nor calculations to substantiate the manual read verification charge. (*Id.*) When asked by Board Member Wagner, IPL witness Vognsen agreed IPL had not explored any potential cost-effective or more cost-effective options for meter reading verification. (Tr. 298, ll. 14-20). An obvious

more cost-effective option is using IPL's employees in the field to do verifications when they are in the vicinity.

Further, as noted by OCA witness Davison, the metric concerning customer dispersion used to calculate the manual read verification conflicts with the assumptions used by IPL to calculate its new IT costs, which assumes over half of NSMA customers will be located in the south eastern portion of IPL's territory. (OCA Witness Davison Direct, p. 7, ll. 6–21; p. 8 ll. 1–5). Also as noted by witness Davison, the bulk of the complaints, objections, and comments in SPU-2018-0007 originate from customers located in the southeastern portion of IPL's service territory. (OCA Witness Davison Direct, p. 8, ll. 3–5; *see also* Objections, Comments, and Complaints filed in SPU-2018-0007).

The likely concentrated nature of NSMA customers shows IPL's projected costs based on hours of travel time are incorrect and should be calculated based on actual data rather than broad projections. The same logic applies to IPL's proposed double manual verification charge for combination customers—if only one trip is required to read two meters customers should be charged accordingly. (Tr. 269, ll. 19–25; Tr. 270, ll. 1–5). Ultimately, efficiencies created by the proximity of NSMA customers to other NSMA customers and by combination customers have not been accounted for in the broad assumptions relied on by IPL to calculate the monthly fee. The Board should disallow the monthly NSMA charge until the charge can be fully investigated in the proper rate proceeding relying on data that is reflective of the actual cost incurred by NSMA customers.

Finally, OCA is concerned with the \$0.21 monthly charge associated with updating the company's billing software. Based on the data provided by IPL, this cost will be fully recovered after the first year. (OCA Witness Davison Direct, p. 11, ll. 1–9). Due to the fact the update to

the billing software is based on a one-time expense, this cost should not be included in the NSMA charge.

OCA asks the Board to prohibit IPL from collecting a monthly fee for NSMA customers until this matter can be fully investigated in the proper gas or electric rate proceedings. IPL's current gas and electric base rates already include substantial funds for meter reading purposes. These funds are more than sufficient to cover the minimal cost of reading the meters of NSMA customers until the upcoming rate proceedings. As evidenced by IPL's lack of evidence to substantiate its \$15 charge, IPL has estimated the monthly charge based on broad assumptions about its service territory and the distribution of its customers resulting in an inflated monthly charge not reflective of the actual costs. The Board should disallow any monthly charge for NSMA customers until the upcoming gas and electric rate proceedings.

**VI. IPL'S CUSTOMERS' DATA RECORDED BY THE AMI METERS IS NOT APPROPRIATELY PROTECTED BY IPL'S EXISTING PRIVACY POLICY.**

IPL's privacy policy is inadequate to protect the granular customer data collected by the AMI meters due to the fact the policy allows data sharing with third-party actors and leaves customers vulnerable to data breaches that could compromise customer privacy and security. Due to the monopolistic nature of utility service, customers are without options should they attempt to opt-out of IPL's privacy policy. Customers rely on the Board to protect their privacy and security interests due to customers' lack of bargaining position or real meaningful choice. The Board should order IPL to revise its privacy policy to eliminate the sharing of customer data with third parties without customer consent.

AMI meters collect customer usage on an hourly basis. (Tr. 53, ll. 10–16). IPL previously collected customer usage data on a monthly basis. (Tr. 56, ll. 17–19). IPL uses its parent company's, Alliant Energy Corporation, privacy policy for its customers. (OCA Hearing



Exhibit 110, p. 2). Concerning personal information that IPL collects from all customers, the privacy policy states:

We collect personal information in order to provide you with service and improve your experience. For example, we collect information when you sign up for service, create an online account, fill out a form, pay your bill, make a purchase, contact customer service, use our mobile applications, communicate with us via third party social media sites or otherwise communicate with us. The types of information we may collect include your name, online account username, email address, postal address, phone number, fax number, Social Security number, income status, date of birth, payment method information and any other information you choose to provide.

. . . .

When you obtain energy service from us, **we automatically collect energy usage information, including the amount of electricity or gas used and the average use and cost per day.** This information facilitates our billing activities and overall provision of energy service.

(*Id.* (emphasis added)). IPL also collects information about its customers from other sources:

We may also obtain information about you from other sources. For example, we may collect information about you from third parties, including, but not limited to, identity verification services, credit bureaus, mailing list providers and publicly available sources. We may combine that information with other information we collect about you.

(*Id.* at 3).

Once IPL obtains customers' personal and energy usage information, it shares this information with third parties:

We may share information about you as follows or as otherwise described in this Privacy Policy:

- With other companies that provide energy efficiency programs for their direct marketing purposes;
- **With vendors, consultants and other service providers who need access to such information to carry out work on our behalf;**
- With the U.S. Government and its authorized representatives to protect the security of critical infrastructure;

- In response to a request for information, if required by, or if we believe disclosure is in accordance with, any applicable law, regulation or legal process;
  - If we believe your actions are inconsistent with the spirit or language of our user agreements or policies, or to protect the rights, property and safety of Alliant Energy or others;
  - **In connection with, or during negotiations of, any merger, sale of company assets, financing or acquisition of all or a portion of our business to another company;** and
  - With your consent or at your direction, including if we notify you that the information you provide will be shared in a particular manner and you provide such information.
- We may also share aggregated or de-identified information, which cannot reasonably be used to identify you.

(*Id.* at 3–4 (emphasis added)).

Due to the more granular nature of the customer usage data collected by AMI meters when compared to the data previously collected by analog meters, IPL’s current privacy policy is inadequate. Customer energy usage data collected on an hourly basis can be used to “identify individual appliances (load signatures) and discern usage patterns (customer habits). . . . [T]he data becomes personally identifiable information of a particular user/customer.” (IPL Hearing Exhibit 219, p. 2). This data can be utilized by third parties for multiple purposes that do not benefit the customer. *See Id.* at 3 (including, in part, insurance adjusting, targeted marketing, and investigations for legal matters). In fact, IPL has not demonstrated the hourly collection of customer usage data benefits customers at all. IPL has no plans to revise the policy to account for AMI data collection. (Tr. 57, ll. 9–10; Tr. 58, ll.4–9). As stated above in the privacy policy, IPL collects and retains personal customer data that ranges from a customer’s social security number and bank account information to hourly energy usage data demonstrating customers’ daily routines. This unprecedented amount of customer personal data requires more safeguards and limits on third-party sharing than provided in the current privacy policy.

The Board should order IPL to make changes to its privacy policy to account for the granular usage data collected by AMI meters. First, IPL should give its customers an option to opt-out of the hourly granular data collection of IPL's AMI meters. IPL has not demonstrated it needs this granular data nor that customers will benefit from the collection of this data. Until IPL can demonstrate a use for this data that will benefit customers, IPL customers should be given the option to maintain the status quo—the collection of monthly energy usage information only. Second, IPL needs to better define how customer data will be shared with third-parties and for what purpose. The current privacy policy uses broad language to state that customer data could be effectively shared with almost any entity that “carries out work” on behalf of IPL or in the event IPL negotiates the sale or assets, a merger, or financing arrangement. This language is unacceptable. The Board should order IPL to explicitly state how the granular customer usage data will be shared with third parties or IPL should commit to not sharing this data at all. Third, IPL needs to include language in its privacy policy committing to informing consumers immediately in the event of a data breach. Iowa Code section 715C.2 provides the framework for informing consumers of a data breach. IPL should include a citation to Iowa Code section 715C.2 in its privacy policy to ensure customers are informed of their rights in the event of a data breach. Fourth, the Board should order IPL to send each customer the updated version of its privacy policy, consistent with the foregoing recommendations, to ensure its customers understand IPL is collecting more granular data while also taking specific steps to secure this data.

## CONCLUSION

The Office of Consumer Advocate respectfully requests the Board should order IPL to allow its customers the option to retain their preexisting analog meters or have an analog meter reinstalled, disallow the monthly charge until the next rate proceeding, change the onerous obligations and criteria for qualifying for and retaining a NSMA consistent with the arguments stated herein, and update its privacy policy to account for the more granular level of data IPL will collect from its AMI customers.

Respectfully submitted,

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